



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

February 15, 2001

Doug Nielsen, Supervisor
Duchesne County Road Dept.
P.O. Box 356
Duchesne, Utah 84021

Re: Formal Approval of Notice of Intention to Commence Large Mining Operations and the Form and Amount of Reclamation Surety, Duchesne County, Duchesne County Asphalt Mine, M/047/028, Uintah County, Utah

Dear Mr. Nielsen:

On February 15, 2001, the Associate Director of the Division of Oil, Gas and Mining formally approved the form and amount of reclamation surety for the Duchesne County Asphalt Mine. The reclamation surety amount is \$89,800 in the form of surety bond issued by American Manufacturers Mutual Insurance Company. **The Division hereby grants final approval of this large mine project and the reclamation surety.**

Approval of this project had been delayed pending a response from the Division of State History. On February 12, 2001, we received notification from State History that no historic properties were affected (copy of letter enclosed).

Enclosed are copies of the fully signed and executed Reclamation Contract and surety bond forms for your files. The original Interim Reclamation Contract is also enclosed for your disposal. The original interim bond document was returned to Sharon Rushton of Fred A. Moreton & Co. per their request. Thank you for your cooperation in completing this permitting action. Please call me if you have any questions in this regard.

Sincerely,

D. Wayne Hedberg

Permit Supervisor

Minerals Regulatory Program

jb

Enclosures: executed Reclamation Contract, surety bond

Interim Reclamation Contract, copy of State History letter

cc: Sharon Rushton, Fred A. Moreton & Co. w/original Interim Surety Bond Document

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February 15, 2001

TO: Lowell P. Braxton, Director *Lowell Braxton*

THRU: Mary Ann Wright, Associate Director *Mary Ann Wright*

THRU: Wayne Hedberg, Permit Supervisor *Wayne Hedberg*

FROM: Anthony A. Gallegos, Senior Reclamation Specialist *Anthony A. Gallegos*

RE: Request for Approval of Form and Amount of Reclamation Surety, Duchesne County, Duchesne County Asphalt Mine, M/047/028, Uintah County, Utah

The Division completed the review of the Duchesne County Asphalt Mine large mine notice and issued tentative approval on October 26, 2000. The public notice was published in the appropriate newspapers and the 30-day public comment period expired with one comment received from the Division of State History. We provided additional information in response to this comment and on February 12, 2001, State History made a determination that no historic properties will be affected by this project.

On December 15, 2000, Duchesne County provided the Division with a Reclamation Contract and reclamation surety in the amount of \$89,800 as requested by the Division (copy of reclamation estimate enclosed). The form of surety is surety bond # _____ issued by American Manufacturers Mutual Insurance Company. This surety company is on the July 1, 2000 federal register listing of acceptable bonding companies, and has an "A" rating as of February 15, 2001. The Division's legal counsel has reviewed the Reclamation Contract and surety bond rider and advised the acceptance of these documents (e-mail message enclosed).

If you are in agreement with the acceptance of the reclamation surety please sign and date the enclosed documents so we may proceed to issue final approval for this large mine operation. Thank you for your consideration of this request.

jb

Enclosures: MR-RC, surety bond, power of attorney, Division surety estimate, e-mail message
O:\m47-28apv-memo.wpd

RECEIVED

DEC 15 2000

DIVISION OF
OIL, GAS AND MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/047/028
(Mineral Mined) Tar Sands

"MINE LOCATION":
(Name of Mine) Duchesne County Asphalt Mine
(Description) Approximately 5.7 miles north of the
town of Whiterocks in Uintah County

"DISTURBED AREA":
(Disturbed Acres) 36.86 Acres
(Legal Description) (refer to Attachment "A")

"OPERATOR":
(Company or Name) Duchesne County
(Address) 174 North Center Street
Duchesne, Utah 84021
(435) 738-2468
(Phone) Fax (435) 738-5924

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

Douglas Nielsen

20800 East River Road

Duchesne, Utah 84021

435-738-2468

"OPERATOR'S OFFICER(S)":

Duchesne County Commissioners

Guy R Thayne Chairman

Larry S Ross member

F Ted Kappen member

"SURETY":

(Form of Surety - Attachment B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

American Manufactures Mutual Ins. Co.

"SURETY AMOUNT":

(Escalated Dollars)

\$89,800.00

"ESCALATION YEAR":

2005

"STATE":

"DIVISION":

State of Utah

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Duchesne County the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/047/028 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated October 7, 1997, and the original Reclamation Plan dated October 7, 1997. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's

request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Duchesne County
Operator Name

By Douglas Nielsen
Authorized Officer (Typed or Printed)

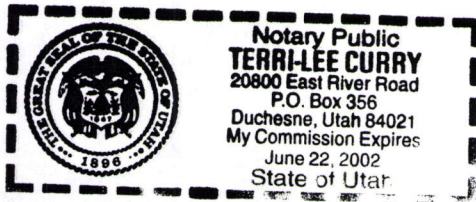
Duchesne County Road Supervisor
Authorized Officer - Position

Douglas Nielsen
Officer's Signature

Nov-27-00
Date

STATE OF Utah)
) ss:
COUNTY OF Duchesne)

On the 27 day of November, 2000, personally
appeared before me Douglas Nielsen who being
by me duly sworn did say that he/she, the said Douglas Nielsen is
the Road Supervisor of Duchesne County
and duly acknowledged that said instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said
Douglas Nielsen duly acknowledged to me that said company
executed the same.



Terri Lee Curry
Notary Public
Residing at: Duchesne, ut

6/22/02
My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By *Mary Ann Wright* February 15, 2001
Mary Ann Wright, Associate Director Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 15th day of February, 2001, Mary Ann Wright
personally appeared before me, who being duly sworn did say that ~~he~~/she, the said Mary Ann Wright is the Associate Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and ~~he~~/she duly acknowledged to me that ~~he~~/she executed the foregoing document by authority of law on behalf of the State of Utah.



Victoria A. Bailey
Notary Public
Residing at: Salt Lake City, UT

February 29, 2004
My Commission Expires:

ATTACHMENT "A"

Duchesne County
Operator

Duchesne County Asphalt Mine
Mine Name

M/047/028
Permit Number

Uintah County, Utah

The legal description of lands to be disturbed is:

Approximately 36.86 acres located within the:

W1/2 NW1/4 and NW1/4 SW1/4, Section 19

Township 2 North, Range 1 East

Uintah Special Meridian

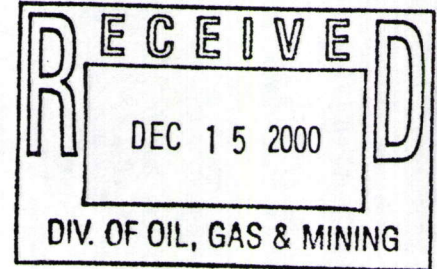
ATTACHMENT B

FORM MR-5
January 19, 2000

Bond Number _____
Permit Number M/047/028
Mine Name Duchesne County
Asphalt Mine

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940



THE MINED LAND RECLAMATION ACT

SURETY BOND

The undersigned Duchesne County, as Principal, and American Manufacturers Mutual Insurance Company, as Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors, and assigns, jointly and severally, unto the State of Utah, Division of Oil, Gas and Mining (Division) in the penal sum of Eighty Nine Thousand Eight Hundred and No/100 - - dollars (\$ 89,800.00).

Principal has estimated in the Mining and Reclamation Plan approved by the Division on the 15th day of February, 2001, that 36.86 acres of land will be disturbed by mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract, of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and Reclamation Plan and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the

Bond Number _____
Permit Number M/047/028
Mine Name Duchesne County Asphalt
Mine

expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Duchesne County
Principal (Permittee)

DIANE FRESTON
By (Name typed):

DUCHESNE COUNTY CLERK/AUDITOR

Title

Signature

December 15, 2000
Date

Surety Company

American Manufacturers Mutual Insurance Company 10375 East Harvard Ave. Ste. 500
Company ~~Office~~ Surety Company Address

Attorney-in-Fact


Title/Position

Signature Gary W. Manville

Denver, CO 80231
City, State, Zip

December 15, 2000
Date

SO AGREED this 15th day of February, 20 01.



Mary Ann Wright, Associate Director
Utah State Division of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

AFFIDAVIT OF QUALIFICATION

On the 15th day of December, 20 00, Gary W. Manville
personally appeared before me, who being by me duly sworn did say that he/she, the said
Gary W. Manville is the Attorney-in-Fact of
American Manufacturers Mutual Insurance Company and duly acknowledged that said instrument was
signed on behalf of said company by authority of its bylaws or a resolution of its board of
directors and said Gary W. Manville duly acknowledged to me that said
company executed the same, and that he/she is duly authorized to execute and deliver the
foregoing obligations; that said Surety is authorized to execute the same and has complied in all
respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking and
obligations.



Signed: [Signature]
Surety Officer

Title: Attorney-in-Fact

STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

Subscribed and sworn to before me this 15th day of December, 2000.

[Signature]
Notary Public Sharron Rushton
Residing at: 709 E. So. Temple
Salt Lake City, UT 84102

My Commission Expires:

July 1, 20 03

Home Office: Long Grove, IL 60049

POWER OF ATTORNEY

Know All Men By These Presents:

That the Lumbermens Mutual Casualty Company, the American Motorists Insurance Company, and the American Manufacturers Mutual Insurance Company, corporations organized and existing under the laws of the State of Illinois, having their principal office in Long Grove, Illinois, (hereinafter collectively referred to as the "Company") do hereby appoint

William R. Moreton, Gary W. Manville, Jonathan M. Jepsen, Sharron Rushton, Philip S. Walter and Marilyn L. Allred of Salt Lake City, Utah (EACH)*****

their true and lawful agent(s) and attorney(s)-in-fact, to make, execute, seal, and deliver during the period beginning with the date of issuance of this power and ending on the date specified below, unless sooner revoked for and on its behalf as surety, and as their act and deed:

Any and all bonds and undertakings provided the amount of no one bond or undertaking exceeds ONE MILLION DOLLARS (\$1,000,000.00)*****

EXCEPTION: NO AUTHORITY is granted to make, execute, seal and deliver any bond or undertaking which guarantees the payment or collection of any promissory note, check, draft or letter of credit.

This authority does not permit the same obligation to be split into two or more bonds in order to bring each such bond within the dollar limit of authority as set forth herein.

This appointment may be revoked at any time by the Company.

The execution of such bonds and undertakings in pursuance of these presents shall be as binding upon the said Company as fully and amply to all intents and purposes, as if the same had been duly executed and acknowledged by their regularly elected officers at their principal office in Long Grove, Illinois.

THIS APPOINTMENT SHALL CEASE AND TERMINATE WITHOUT NOTICE AS OF December 31, 2001

This Power of Attorney is executed by authority of resolutions adopted by the Executive Committees of the Boards of Directors of the Company on February 23, 1988 at Chicago, Illinois, true and accurate copies of which are hereinafter set forth and are hereby certified to by the undersigned Secretary as being in full force and effect:

"VOTED, That the Chairman of the Board, the President, or any Vice President, or their appointees designated in writing and filed with the Secretary, or the Secretary shall have the power and authority to appoint agents and attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings, obligatory in the nature thereof, and any such officers of the Company may appoint agents for acceptance of process."

This Power of Attorney is signed, sealed and certified by facsimile under and by authority of the following resolution adopted by the Executive Committee of the Boards of Directors of the Company at a meeting duly called and held on the 23rd day of February, 1988:

"VOTED, That the signature of the Chairman of the Board, the President, any Vice President, or their appointees designated in writing and filed with the Secretary, and the signature of the Secretary, the seal of the Company, and certifications by the Secretary, may be affixed by facsimile on any power of attorney or bond executed pursuant to resolution adopted by the Executive Committee of the Board of Directors on February 23, 1988 and any such power so executed, sealed and certified with respect to any bond or undertaking to which it is attached, shall continue to be valid and binding upon the Company."

In Testimony Whereof, the Company has caused this instrument to be signed and their corporate seals to be affixed by their authorized officers, this May 6, 1997.

Attested and Certified:

Lumbermens Mutual Casualty Company
American Motorists Insurance Company
American Manufacturers Mutual Insurance Company

Robert P. Hames



J. S. Kemper III

Robert P. Hames, Secretary

by

J. S. Kemper, III, Exec. Vice President

STATE OF ILLINOIS SS
COUNTY OF LAKE

I, Irene Klewer, a Notary Public, do hereby certify that J. S. Kemper, III and Robert P. Hames personally known to me to be the same persons whose names are respectively as Exec. Vice President and Secretary of the Lumbermens Mutual Casualty Company, the American Motorists Insurance Company, and the American Manufacturers Mutual Insurance Company, Corporations organized and existing under the laws of the State of Illinois, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they being thereunto duly authorized signed, sealed with the corporate seals and delivered the said instrument as the free and voluntary act of said corporations and as their own free and voluntary acts for the uses and purposes therein set forth.



My commission expires 1-28-98

Irene Klewer, Notary Public

CERTIFICATION

I, J.K. Conway, Corporate Secretary of the Lumbermens Mutual Casualty Company, the American Motorists Insurance Company, and the American Manufacturers Mutual Insurance Company, do hereby certify that the attached Power of Attorney dated May 6, 1997 on behalf of the person(s) as listed above is a true and correct copy and that the same has been in full force and effect since the date thereof and is in full force and effect on the date of this certificate; and I do further certify that the said J. S. Kemper, III and Robert P. Hames, who executed the Power of Attorney as Executive Vice President and Secretary respectively were on the date of the execution of the attached Power of Attorney the duly elected Executive Vice President and Secretary of the Lumbermens Mutual Casualty Company, the American Motorists Insurance Company, and the American Manufacturers Mutual Insurance Company.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the Lumbermens Mutual Casualty Company, the American Motorists Insurance Company, and the American Manufacturers Mutual Insurance Company on this 15th

December, 18 2000



J. K. Conway, Corporate Secretary

This Power of Attorney limits the acts of those named therein to the bonds and undertakings specifically named therein and they have no authority to bind the Company except in the manner and to the extent herein stated.